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April 13, 2006

Charles L. A. Terreni, Esq.
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: **Docket No. 2006-108-E; Application for the Supply of Electricity between Carolina Power and Light Company d/b/a Progress Energy Carolinas, Incorporated and Grant Clarendon, Incorporated**

Dear Mr. Terreni:

This is to inform the Public Service Commission ("Commission") that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing. Based on the information provided, ORS does not have an objection to the proposed electric service contract between Progress Energy Carolinas, Inc. ("Company") and Grant Clarendon, Inc. ("Grant").

Grant is a wood products manufacturing facility producing engineered wood panel products. Grant intends to locate a new manufacturing facility in Clarendon County and is expected to initially employ 120 workers. The new facility will represent an investment of \$200 million in South Carolina. ORS recognizes this request to be advantageous to the Company as well as the ratepayer. It is also consistent with ORS' mission to represent the public interest by balancing the concerns of the using and consuming public, the financial integrity of public utilities, and the economic development of South Carolina.

If the Commission is inclined to grant this request, ORS would recommend including a provision to require the Company to track any resulting foregone revenue and reserve the appropriate ratemaking treatment related to any foregone revenues for a future rate proceeding or review as determined by the Commission.

Thank you for the opportunity to provide our comments in this matter.

Sincerely yours,

John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
Len S. Anthony, Deputy General Counsel, PEC
Dr. James Spearman, Executive Assistant, SC PSC
F. David Butler, Esquire, SC PSC